

## PROPERTY TAX

The Township's role under the Michigan State property tax law is largely an administrative function. The Michigan Constitution requires the tax to be levied upon 50% of the value of real property (true cash value) and it is the Township's responsibility to determine the true cash value of each parcel of real property that is located within its boundaries. The Township will perform this task through the Assessing Department and the work of a Michigan Certified Assessing Officer. Assessing Officers are specially trained and are required to apply various standards of valuation from the mandated State Assessors Manuals. They use this process to make a determination of the true cash value of a parcel and to subsequently assign an "assessed value" to each parcel of real property. The objectives of the valuation process are to determine those features of a parcel that are common to similar parcels regarding their state of improvement and those features that are uniquely different. From this process a true cash value is determined for each parcel. Under Michigan law the assessed value, (AV), of a parcel should be nearly equal to one half of the true cash value of the parcel. Assessed values may be adjusted up or down from year to year based upon changes in the real estate market as reflected by annual sales studies. The value that is established for your parcel is one of the two main components of your tax bill.

In the year 1994 the voters, by a referendum vote, passed a proposal that amended the Michigan Constitution that, among other things, established a "Principal Residential Exemption" for a person's principal residence (PRE); this is also known as the "Homestead Exemption". The benefit of this PRE is that these "homesteaded" parcels are exempted from the local school district's operating millage of 18 mills.

Along with the principal residence exemption, the 1994 proposal created a new assessing term called taxable value. The taxable value is the basis upon which the millage rate is multiplied to determine the amount of tax for each parcel. The provisions of the 1994 proposal allows the taxable value to increase by not more than 5% per year OR the rate of inflation, whichever is less. The effect of the provision of taxable value has been to hold down the value upon which a property is taxed while the assessed value of the parcel may continue to rise or fall with the values established by the real estate market in general. The taxable value of a parcel is capped at the assessed value, meaning that the taxable value of a parcel will never be higher than the assessed value.

Another administrative function that the Township performs under the State of Michigan property tax law is the collection of property taxes for all taxing units of government. The Township, therefore, in addition to the collection of its own property tax revenue, has its Treasurer act as the collection agent for the County, the local school districts, and the State of Michigan. Your tax bill reflects a 1% collection fee. This collection fee goes to your Township Treasury to help defray the administrative cost of managing the local assessments and collecting taxes for these other units of government.

Another component of the property tax is the actual tax rates. These rates are expressed as a millage or the amount per thousand. These millage rates in Blendon Township are established by law or a vote of the people. The 6 mill rate applied to exempted homestead property values is levied by the State of Michigan to finance education and was set by the voter approved Proposal A in 1994 that also established the principal residence exemption (PRE). The principal residence exemption, exempts a homestead residence from the annual 18 mills of school operating millage. The approximately 3.5 mills levied by Ottawa County are for the operation of county government. There are also voted millages to finance the Emergency 911 Dispatch System and expansion of County parkland. The school districts levy millages that were voter approved for the purpose of retiring debt that has accumulated from the financing of school building construction projects.

Blendon Township collects just under 2.7256 mills for its own treasury. Of these 2.7256 mills, Blendon receives approximately one mill (0.9600) from the County Allocation Board for the purposes of financing the general operations of Blendon Township. The people of Blendon Township have voted certain additional millages to finance other important local governmental functions. Approximately 1.4656 mills have been voted by the residents of Blendon Township to operate and maintain a Fire Department and provide emergency services in Blendon Township. The residents

have also voted 0.3000 of a mill for the purpose of financing library services for the residents of Blendon Township.

Blendon Township millages currently produce the following amounts of revenue annually.

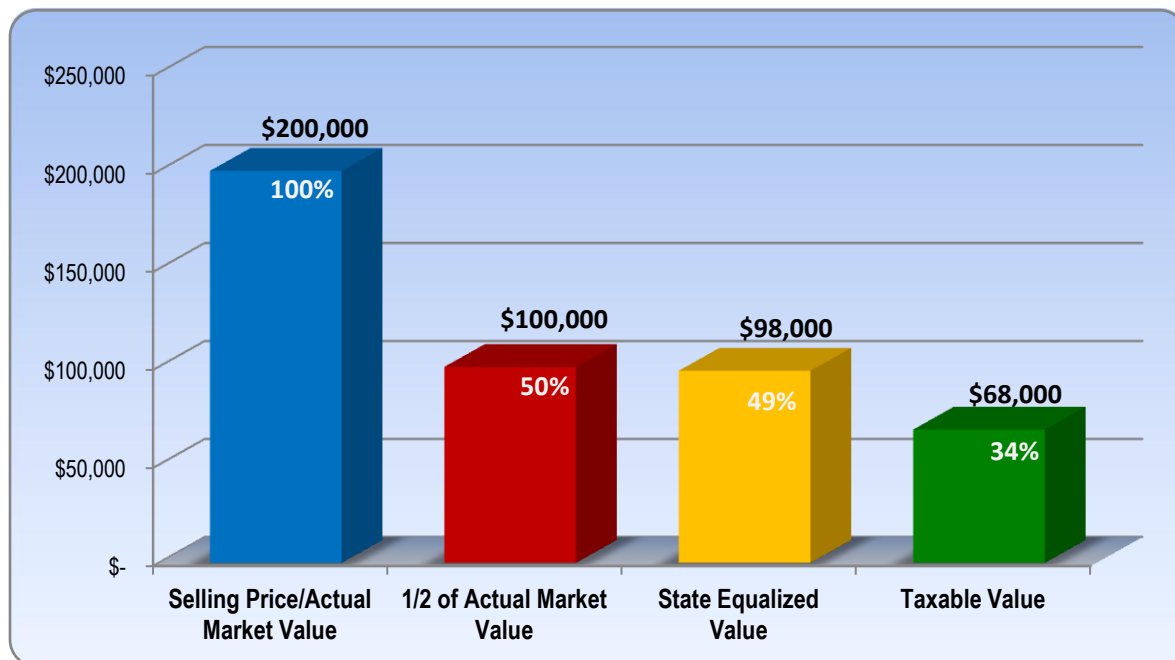
0.9600 mills	\$ 190,720	Township Operations
1.4656 mills	337,824	Township Emergency Services
0.3000 mills	62,100	Library Services

A typical Blendon Township residence with a market value of \$200,000 would pay approximately \$273 annually in township property taxes. (Including Operations, Safety Services and Library Services) The remaining taxes are collected by Blendon Township for other governmental entities.

Currently the amount of each tax dollar paid annually to the Township Treasurer, 4 cents go to finance Township operations, 6 cents go to finance the Fire Department and Safety Services and 1 cent is collected to provide contracted library services. The remaining 89 cents is collected for the State, County and School Districts.

It is this valuation process and this collection process that constitutes the functions and role of Blendon Township in the administration of the General Property Tax Act for the State of Michigan. A more detailed explanation of this system and the processes that are involved in its administration can be gained by speaking with the Township Supervisor, the Township Assessor and by reviewing the provisions of the General Property Tax Act as they are codified in Chapter 211 of Michigan Compiled Laws.

This chart represents the sale of a typical home in Blendon Township and demonstrates the relationship of the selling price to the State Equalized Value (SEV) and the Taxable Value of the home.

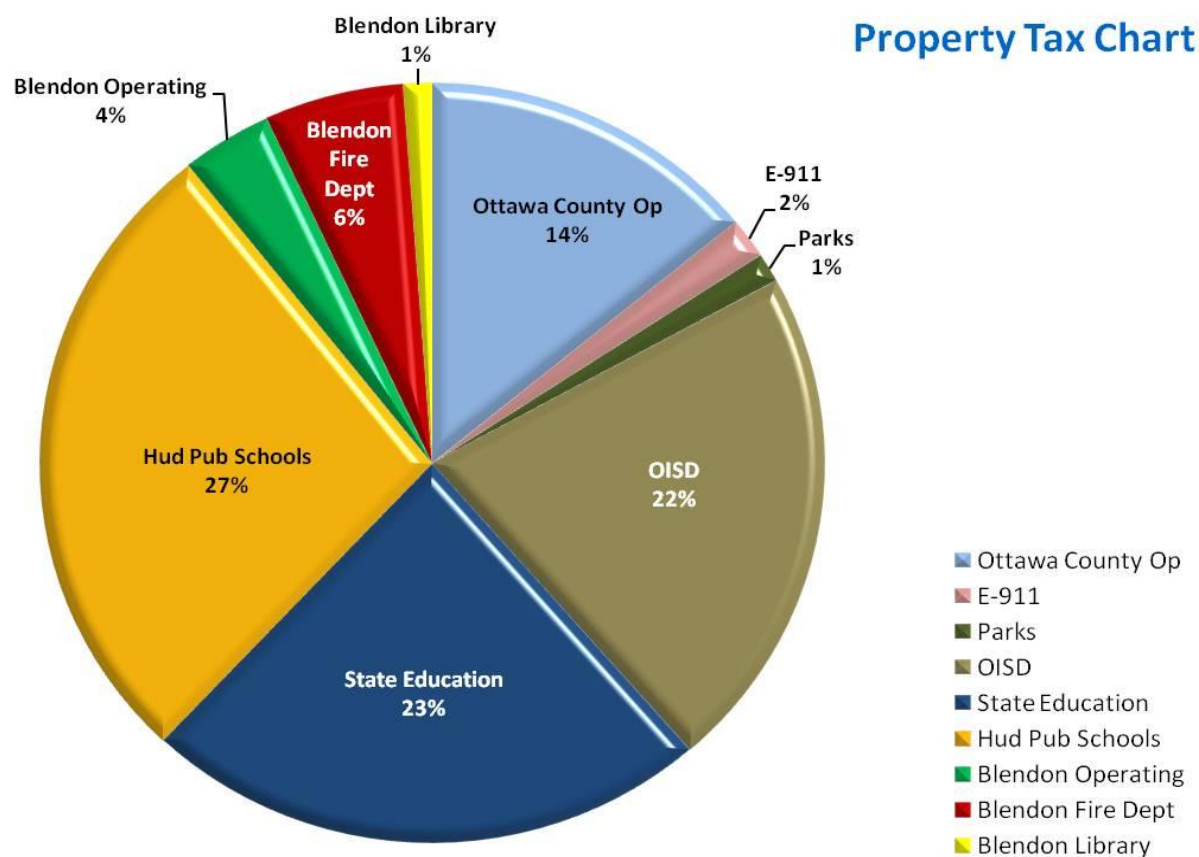


The blue bar represents the actual selling price of the home and thus establishes the actual market value.

The red bar represents 50% of the actual market value and therefore the amount at which the home should be properly assessed according to Michigan statute.

The **yellow** bar represents the SEV of the home prior to the sale and demonstrates a slight difference between the proper assessed value as established by the selling price and a typically lagging SEV. (It is this difference that shows up in sales studies of various taxing units that drives up the SEV of similar type properties in the same taxing unit on an annual basis.)

The **green** bar represents the amount of value upon which the home was actually taxed, assuming that the home was covered by a 100% PRE (principle residence exemption). The Taxable Value cannot increase more than the rate of inflation or 5%, whichever is lower. The gap between Taxable Value and SEV as well as Actual Market Value will often be increasing as long as the property remains titled to the same owner.



This chart represents the distribution of a property tax dollar in Blendon Township.

The percentages of the pie chart represent the number of cents from each dollar that is distributed to each of the units of government represented. Approximately ten cents of each tax dollar remains in the treasury of the Township and the remainder is distributed to Ottawa County, the School Districts and the State of Michigan. The chart is representative of a tax dollar from a residential parcel with a 100 percent PRE (primary residence exemption), homestead exemption. Non exempted parcels are also charged the full 18 mill School Operating millage. This chart is an example of a parcel in the Hudsonville School District with a 100 percent PRE (primary residence exemption).

This chart demonstrates the distribution of the approximately ten cents of your property tax dollar that remains in the Township Treasury. Six cents are used to finance the Fire Department and 4 cents are used to finance the general operations of the Township.

